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Attorneys for Plaintiff
Blue Growth Holdings Ltd.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

BLUE GROWTH HOLDINGS LTD.,
a company organized under the laws of the
British Virgin Islands,

Plaintiff,

v.

MAINSTREET LIMITED VENTURES, LLC,
a Limited Liability Company organized under
the laws of the State of California; JOSEPH M.
AARON, an individual; BETH AARON, an
individual; DOES 1-50 inclusive,

Defendants.

CASE NO. 3:13-cv-01452-CRB

**STIPULATION TO DISMISS BETH AARON
FROM THE FIRST AMENDED
COMPLAINT AND TO DISMISS COUNT III
OF THE FIRST AMENDED COMPLAINT**

AND

ORDER THEREON

This Stipulation To Dismiss Beth Aaron From the First Amended Complaint and to Dismiss
Count III of the First Amended Complaint ("Stipulation") is entered into by and between Plaintiff
Blue Growth Holdings Ltd. ("Plaintiff") and Defendant Beth Aaron ("Mrs. Aaron"), through their
respective counsel of record, in the above-captioned case. This Stipulation is made with respect to
the following facts:

I.

RECITALS

**STIPULATION TO DISMISS BETH AARON AND TO DISMISS COUNT III OF THE FIRST AMENDED
COMPLAINT**

1 1. On April 1, 2013, Plaintiff filed a Complaint alleging two causes of action: (I) Breach
2 of Promissory Notes ("Count I") against defendant Mainstreet Limited Ventures, LLC
3 ("Mainstreet"); and (II) Breach of Guaranties ("Count II") against defendant Joseph M. Aaron ("Mr.
4 Aaron"). (Mainstreet, Mr. Aaron and Mrs. Aaron are collectively referred to hereinafter as the
5 "Defendants.") The Complaint was assigned the above-captioned case number.

6 2. Count I alleged Mainstreet's breach of two Registered Promissory Notes: (a) the first
7 dated January 1, 2011, memorializing a loan that Plaintiff made to Mainstreet in the principal sum of
8 one million two hundred sixty-two thousand five hundred dollars (\$1,262,500.00); and (b) the
9 second dated May 1, 2011, memorializing a loan that Plaintiff made to Mainstreet in the principal
10 sum of three hundred thousand dollars (\$300,000.00). And, despite demand, Mainstreet has failed to
11 pay at least \$1,1432,042 due and owing as of February 2013.

12 3. Count II alleged that, despite demand, Mr. Aaron failed to pay both loans and
13 perform under both notes, and related loan documents, pursuant to terms and conditions set forth in
14 two personal guarantees dated January 1, 2011 and May 1, 2011.

15 4. Shortly after filing the Complaint, in June 2013, Plaintiff learned that Mr. Aaron and
16 Mrs. Aaron transferred/transmuted title of their residency at 557 3rd St. E, Sonoma, CA 95476 (the
17 "Property") to Mrs. Aaron, as her sole and separate property.

18 5. Plaintiff believed that Mr. Aaron transferred/transmuted the Property without
19 consideration based upon the deed, which reflected that the transfer was made for no value and no
20 transfer tax was paid.

21 6. Plaintiff further believed that Mr. Aaron made this transfer of the Property, despite
22 assurances to Plaintiff that the Property would always be the source of repayment for loans that
23 Plaintiff made to Mainstreet, which Mr. Aaron guaranteed, if Mainstreet was otherwise unable to
24 pay them.

25 7. Based on this belief, Plaintiff filed a Motion for Leave to File First Amended
26 Complaint, which the Court granted.

27 8. On October 25, 2013, Plaintiff filed a First Amended Complaint. The First Amended
28 Complaint added a third cause of action for Fraudulent Transfer Under California Civil Code § 3439,

1 *et seq.*, The Uniform Fraudulent Transfer Act (UFTA) (“Count III”) based on the alleged
2 transfer/transmutation.

3 9. Specifically, in Count III, Plaintiff alleged that Mr. Aaron and Mrs. Aaron
4 transferred/transmuted the Property to place the Property outside the reach of Plaintiff because
5 Plaintiff believes that a judgment against Defendants for their breach was inevitable. Plaintiff also
6 alleged that this was done so that Plaintiff could not look to Mr. Aaron’s interest in the Property to
7 satisfy any judgment in Plaintiff’s favor. Plaintiff also alleged that Mr. Aaron’s transfer was made
8 with knowledge and actual intent to hinder, delay, or defraud his creditors.

9 10. On February 18, 2014, Defendants recorded an inter-spousal deed (“Deed”) restoring
10 title to the Property to Joseph M. Aaron and Beth Aaron, Trustees Of The Joseph M. Aaron & Beth
11 Aaron Family Trust Dated 2/28/08 (the “Family Trust”). The Deed provides that the “transfer is a
12 transfer between spouses of community, quasi-community or quasi-marital property between
13 spouses.” The Grantor is Beth Aaron, and the Property was transferred to the Family Trust.

14 11. As a result of that Deed, the parties have agreed to stipulate, upon the terms herein,
15 that Count III of the First Amended Complaint has been resolved and request dismissal of Mrs.
16 Aaron from the above-captioned action as well as dismissal of Count III of the First Amended
17 Complaint.

18 **IT IS HEREBY STIPULATED that:**

19 1. The Family Trust, to which the Property was transferred, is otherwise known as the
20 “Joe and Beth Aaron Family Trust,” and title to trust assets are otherwise taken as “Joseph M. Aaron
21 & Beth Aaron, or their Successors, as Trustee of the Joe and Beth Aaron Family Trust dated
22 February 28, 2008.”

23 2. The Property that was transferred to the Family Trust is Mr. and Mrs. Aaron’s
24 community property;

25 3. There are no transmutation or other agreements that would prevent Plaintiff’s
26 enforcement against the Property if Plaintiff obtains a judgment herein against Mr. Aaron; and
27

28 4. Subject to and based on the above conditions and stipulations, Mrs. Aaron is

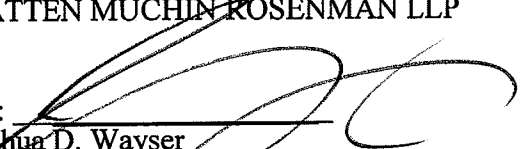
dismissed from the above-captioned action, and Count III of the First Amended Complaint is also dismissed.

IT IS SO STIPULATED.

Dated: March 14, 2014

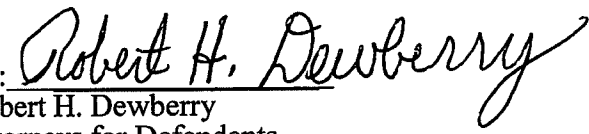
Respectfully submitted,

KATTEN MUCHIN ROSENMAN LLP

By: 
Joshua D. Wayser
Jessica M. Mickelsen
Attorneys for Plaintiff
BLUE GROWTH HOLDINGS, LTD.

Dated: March 14, 2014

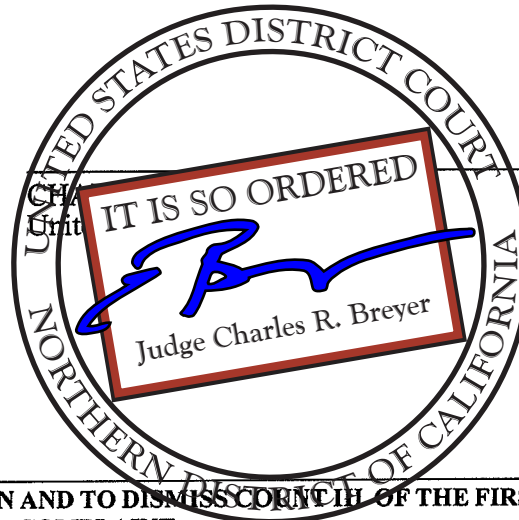
theDewberryfirm

By: 
Robert H. Dewberry
Attorneys for Defendants
MAINSTREET LIMITED VENTURES, LLC;
JOSEPH M. AARON
BETH AARON

ORDER

The foregoing stipulation is approved and becomes the Order of this Court.

Dated: March 17, 2014



STIPULATION TO DISMISS BETH AARON AND TO DISMISS COUNT III OF THE FIRST AMENDED COMPLAINT